

Message Text

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70

ORIGIN EB-07

INFO OCT-01 EA-09 ISO-00 COME-00 TRSE-00 L-03 /020 R

DRAFTED BY EB/TT/MA: VSMITH:FW

APPROVED BY EB/TT/MA:RKBANK

EA/ROC:HENGELBRECHT

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R 232004Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 043109

E.O. 11652:N/A

TAGS: EWWT, TW

SUBJECT: SHIPPING: ROC TAX ON AGENTS FOR FOREIGN LINES

REF: A) STATE 8648; B) TAIPEI 382

DEPARTMENT APPRECIATES REF B'S PROMPT RESPONSE AND CONCURS IN EMBASSY'S ACTION DESCRIBED PARA 2. IN AN EFFORT TO MORE FULLY UNDERSTAND THIS SITUATION WE HAVE AN ADDITIONAL QUESTION AND WILL ATTEMPT TO MAKE QUESTION D IN REF A MORE COMPREHENSIBLE.

A) INFORMATION AVAILABLE TO DEPARTMENT IS UNCLEAR AS TO WHETHER THIS TAX IS CONSIDERED A TAX ON THE AGENTS OR A TAX ON THE FOREIGN LINES, COLLECTED THROUGH THEIR AGENTS. WHILE WE BELIEVE IT IS THE LATTER, EMBASSY PLEASE CLARIFY.

B) IN SOME COUNTRIES A TAX IS LEVIED ON GROSS REVENUES OF FOREIGN SHIPPING LINES FOR THOSE CARGOES THE LINES CARRY TO AND FROM THAT COUNTRY. THIS GROSS REVENUES TAX IS COLLECTED INSTEAD OF A CORPORATE INCOME TAX ON PROFITS WHICH OTHER DOMESTIC AND FOREIGN COMPANIES PAY IN THAT COUNTRY. THUS, IN THESE CASES THE GROSS REVENUES TAX IS A SUBSTITUTE FOR CORPORATE INCOME TAX COLLECTED

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FROM OTHER COMPANIES DOING BUSINESS IN THAT PARTICULAR

COUNTRY, INCLUDING ITS OWN SHIPPING LINES. IN THE ROC
CASE, IN LIGHT OF ANSWER C, REF B, IT WOULD APPEAR THAT
QUESTION D, REF A SHOULD BE REPHRASED:

"IS THIS TAX CONSIDERED AS A SUBSTITUTE FOR SOME
OTHER FORM OF BUSINESS TAX COLLECTED FROM CORPORATIONS
IN THE ROC NOT ENGAGED IN SHIPPING?" INGERSOLL

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